Fannie Mae

Multifamily Selling and Servicing Guide

Effective as of August 23, 2026

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702.03 Affordability Types

702.03A LIHTC

Requirements

You must verify that by the Mortgage Loan Origination Date, restricted units:

- are occupied by income eligible tenants per the LIHTC program requirements; and
- meet at least 1 of the following:
  - **20% @ 50%:** at least 20% of all units are restricted to occupancy by households earning no more than 50% of AMI as adjusted for family size with rents not exceeding 30% of the income limit, as adjusted for family size;
  - **40% @ 60%:** at least 40% of all units are restricted to occupancy by households earning no more than 60% of AMI as adjusted for family size with rents not exceeding 30% of the income limit, as adjusted for family size;
  - **Average Income:** at least 40% (or 25% for New York City only) of all units are restricted to occupancy by households earning not more than the income limitation designated for that unit. The average of the income limits must not be more than 60% of AMI as adjusted for family size with rents not exceeding 30% of the designated income limit. The income limit can only be 20%, 30%, 40%, 50%, 60%, 70% or 80% of AMI. This option is only available for LIHTC projects that made this set-aside election after March 23, 2018, using Internal Revenue Service Form 8609; or
  - **25% @ 60% in New York City:** at least 25% of all units are restricted to occupancy by households earning no more than 60% of AMI as adjusted for family size with rents not exceeding 30% of the income limit, as adjusted for family size.

702.03B HAP Contract

Requirements

You must ensure that, by the Mortgage Loan Origination Date, at least 20% of all units are:

- subject to a HAP Contract; and
- restricted by the HAP Contract to households earning no more than 80%

of AMI.

702.03C Properties with Both Rent Restrictions and Income Restrictions

Requirements

By the Mortgage Loan Origination Date, you must verify the restricted units are occupied by households that qualify for 1 of the following rent and income restrictions:

- **20% @ 50%:** at least 20% of all units are restricted:
  - to occupancy by households earning no more than 50% of AMI, as adjusted for family size; and
  - with rents not exceeding 30% of 50% of AMI, as adjusted for family size; or
- **40% @ 60%:** at least 40% of all units are restricted:
  - to occupancy by households earning no more than 60% of AMI, as adjusted for family size; and
  - with rents not exceeding 30% of 60% of AMI, as adjusted for family size.

702.03D Properties with Either Rent Restrictions or Income Restrictions

Requirements

By the Mortgage Loan Origination Date, you must confirm the following.

For Properties with...	You must confirm...
Rent restrictions (but no income restrictions)	The rent roll reflects the restricted rents are implemented.
Income restrictions (but no rent restrictions)	The restricted units are occupied by income eligible tenants.

The Property must have:

- **20% @ 50%:** at least 20% of all units restricted:
  - to occupancy by households earning no more than 50% of AMI, as adjusted for family size; or
  - with rents not exceeding 30% of 50% of AMI, as adjusted for family size; or

- **40% @ 60%:** at least 40% of all units restricted:
  - to occupancy by households earning no more than 60% of AMI, as adjusted for family size; or
  - with rents not exceeding 30% of 60% of AMI, as adjusted for family size.

702.03E Special Public Purpose

Requirements

You must have verified, on or before the Mortgage Loan Origination Date, that at least:

- 20% of all units are restricted to occupancy by households earning no more than 80% of AMI, as adjusted for family size, and the restricted units are occupied by income eligible households; and/or
- 20% of all units have rents not exceeding 30% of 80% of AMI, as adjusted for family size.

Operating Procedures

For general information, as well as information for how to register, obtain a Commitment, and Deliver a Special Public Purpose Mortgage Loan, refer to Multifamily Affordable Housing Property Definition – Special Public Purpose FAQs .

702.03F Sponsor-Initiated Affordability

Requirements

You must ensure the Borrower voluntarily self-imposes affordability restrictions preserving or creating multifamily affordable housing by requiring the Property to have affordability restrictions meeting all of the following:

- 20% @ 80%: at least 20% of all units are restricted to occupancy by households earning no more than 80% of AMI, as adjusted for family size, with rents not exceeding 30% of the income limit;
- are recorded against the Property by executing the Sponsor-Initiated Affordability Agreement (Form 6490);
- are in place at the Property by the Mortgage Loan Origination Date;
- require the Property to comply with the Sponsor-Initiated Affordability Agreement (Form 6490) within 12 months after the Mortgage Loan

Origination Date;

- remain in place during the Mortgage Loan term; and
- are certified annually by the Borrower and monitored by an Administering Agent for compliance with the Sponsor-Initiated Affordability Agreement (Form 6490).

Operating Procedures

For any Property with Sponsor-Initiated Affordability, the Borrower must execute the:

- Sponsor-Initiated Affordability Agreement (Form 6490); and
- Modifications to Multifamily Loan and Security Agreement (Sponsor-Initiated Affordability Restrictions) (Form 6271).

For general information, as well as information for how to register, obtain a Commitment and Deliver a Sponsor-Initiated Affordability Mortgage Loan, refer to the Sponsor-Initiated Affordability FAQs .

Glossary

A

Administering Agent	Third-party compliance monitoring company.

B

Borrower	Person who is the obligor per the Note. **Synonyms** • Borrowers • Borrower's

C

Commitment	Contractual agreement between you and Fannie Mae where Fannie Mae agrees to buy a Mortgage Loan at a future date in exchange for an MBS, or at a specific price for a Cash Mortgage Loan, and you agree to Deliver that Mortgage Loan. **Synonyms** • Committed • Commitments

D

Delivery	Submission of all correct, accurate, and certifiable documents, data, and information with all applicable documents properly completed, executed, and recorded as needed, and any deficiencies resolved to Fannie Maes satisfaction. **Synonyms** • Deliver • Delivered • Deliveries

G

Guide	Multifamily Selling and Servicing Guide controlling all Lender and Servicer requirements unless a Lender Contract specifies otherwise. **Synonyms** • DUS Guide

H

HAP Contract	An agreement providing a HUD Section 8 rental subsidy for the Property in the form of a: • project-based voucher contract (PBV), or • project-based rental assistance contract (PBRA). **Synonyms** • Housing Assistance Payment • HAP • HAP Contracts

L

Lender Contract	Program Documents per the Multifamily Selling and Servicing Agreement. **Synonyms** • Lender's Contract • Lender Contracts • Contract • Multifamily Selling and Servicing Agreement • MSSA
Low-Income Housing Tax Credit	Federal program offering tax credits to owners of eligible properties that contain low-income occupants and rent restrictions. **Synonyms** • Low-Income Housing Tax Credits • Low Income Housing Tax Credits • LIHTC • LIHTCs

M

Mortgage Loan	Mortgage debt obligation evidenced, or when made will be evidenced, by • the Loan Documents, or • a mortgage debt obligation with a Fannie Mae credit enhancement. • Test Notes-SV • Test Again - Sub-bullet test1 - Sub-bullet test2 **Synonyms** • Mortgage Loans • Mortgage Loan's
Mortgage Loan Origination Date	Date you fund a Mortgage Loan to the Borrower. **Synonyms** • Mortgage Loan's Origination Date • Origination Date
Multifamily Affordable Housing Property	Property that: • complies with Part III, Chapter 7: Multifamily Affordable Housing Properties, Section 702: MAH Property Eligibility ; and • is underwritten per Part III, Chapter 7: Multifamily Affordable Housing Properties . **Synonyms** • MAH • Multifamily Affordable Housing • MAH Property

P

Project	Multifamily buildings • on multiple Properties, • owned by the same Borrower, and • that comply with Part II, Chapter 1: Attributes and Characteristics, Section 103.01: Single Borrower Ownership . **Synonyms** • Projects
Property	Multifamily residential real estate securing the Mortgage Loan, including the • fee simple or Leasehold interest, • Improvements, and • personal property (per the Uniform Commercial Code). **Synonyms** • Properties • Property's

S

Security	MBS, PFP MBS, or REMIC. **Synonyms** • Securities
Sponsor	Principal equity owner and/or primary decision maker of the Borrower (often the Key Principal or the Person Controlling the Key Principal). **Synonyms** • Sponsors • Sponsor's
Sponsor-Initiated Affordability Agreement	Voluntary agreement signed by the Borrower and recorded in the land records against the Property, putting rent and income restrictions in place to preserve or create multifamily affordable housing.